

Personal Finance

(PERS FIN)

4540

Personal Finance is a business course that focuses on personal financial planning. The content includes financial planning, income and asset protection, income and money management, and spending and credit management. Students will learn the financial concepts and principles that provide a basis for avoiding financial pitfalls. This course prepares students for the roles and responsibilities of consumers, producers, entrepreneurs, and citizens. Instructional strategies should include simulations, guest speakers, tours, Internet research, and business experiences. These standards are aligned with the National Business Education Association (NBEA), Jump\$tart Coalition for Personal Financial Literacy, and Indiana State University—Networks Financial Institute standards and guidelines.

- Recommended Grade Level: 11-12
- Recommended Prerequisite: Computer Applications
- Credits: A one-credit course over one semester
- Counts as a Directed Elective or Elective for the General, Core 40, Core 40 with Academic Honors and Core 40 with Technical Honors diplomas
- A Career Academic Sequence, Career-Technical program, or Flex Credit course
- Course content standards/performance expectations and Indiana Academic Standards integrated at: <http://www.doe.in.gov/octe/bme/curriculum/contentstandards.htm>
- Teacher Requirements: <http://doe.in.gov/dps/licensing/assignmentcode>
- Career Clusters: A recommended component for career pathways in all Indiana career clusters
- Career pathway information: <http://www.doe.in.gov/octe/facs/CrrClstrGrid.html>

Course Content Standards and Performance Expectations

PF 1 Financial Planning

PF 1.1 Content Standard: Students understand financial planning concepts.

Performance Expectations

- PF 1.1.1** Compare and contrast services that financial institutions provide.
- PF 1.1.2** Differentiate the types of financial advisors and industry certifications and their fee structures.
- PF 1.1.3** Explain how federal and state government agencies protect savers and investors.
- PF 1.1.4** Explain the importance of starting early to implement a financial plan.
- PF 1.1.5** Create and analyze a personal balance sheet.
- PF 1.1.6** Define and calculate the time value of money.
- PF 1.1.7** Develop financial goals for the future and a financial plan based on one's life style, expectations, skills, and career choices.
- PF 1.1.8** Develop strategies and goals for retirement and estate planning.
- PF 1.1.9** Analyze the impact of liquidity, debt, taxes, and economic conditions, such as inflation, cost of living, and geographic locations, on financial planning.
- PF 1.1.10** Identify various traditional and technology resources available for obtaining financial information.

PF 1.2 Content Standard: Students understand savings and investment strategies to facilitate financial planning.

Performance Expectations

- PF 1.2.1** Determine why people save and invest money.
- PF 1.2.2** Describe different savings and investment options available based on personal income.
- PF 1.2.3** Describe how to buy and sell investments.
- PF 1.2.4** Recommend appropriate personal saving and investment strategies and planned changes as one proceeds through the life-cycle.
- PF 1.2.5** Distinguish between simple and compound interest.
- PF 1.2.6** Compare and contrast rates of return versus related risk for savings and investments.
- PF 1.2.7** Calculate and analyze dollar cost averaging.
- PF 1.2.8** Explain and calculate the Rule of 72.
- PF 1.2.9** Compare and contrast tax-deferred and tax-deductible savings and investment plans.

PF 2 Income and Asset Protection

PF 2.1 Content Standard: Students understand various types of risk and risk management strategies.

Performance Expectations

- PF 2.1.1** Understand various types of risk.
- PF 2.1.2** Analyze risk management strategies and how they protect against financial loss.
- PF 2.1.3** Assess the potential consequences of an insufficient risk management plan.
- PF 2.1.4** Design a risk management plan to include risk avoidance, risk reduction, risk assumption, and risk shifting.
- PF 2.1.5** Explain how risk management needs change throughout one's life cycle.

PF 2.2 Content Standard: Students understand various types of insurance for income and asset protection.

Performance Expectations

- PF 2.2.1** Explain the role of the "Law of Large Numbers" in risk and insurance.
- PF 2.2.2** Discuss and differentiate between the types of insurance associated with different types of risk such as property, liability, health care, and life.
- PF 2.2.3** Compare different types of insurance policies and costs, and define criteria for selecting a policy that best fits a need.
- PF 2.2.4** Define asset valuation and how it applies to insurance coverage.
- PF 2.2.5** Describe the process for filing an insurance claim.
- PF 2.2.6** Explain how insurance needs change throughout one's life cycle and employment.

PF 3 Income and Money Management

PF 3.1 Content Standard: Students identify sources of income and analyze factors that affect income.

Performance Expectations

- PF 3.1.1** Differentiate sources of income derived from wages, rents, interest, dividends, and capital gains.

- PF 3.1.2** Verify gross and net income calculations for a payroll check.
- PF 3.1.3** Discuss how income is affected by factors such as supply and demand, inflation, job category, geographic location, and level of education.
- PF 3.1.4** Explain the value of employer provided benefits such as medical and life insurance, child care, annuities, stock options, etc.
- PF 3.2 Content Standard:** Students understand the impact of taxes on personal financial planning.

Performance Expectations

- PF 3.2.1** Identify reasons for the different types of taxes commonly incurred.
- PF 3.2.2** Differentiate between deductions and credits and their impact on taxes.
- PF 3.2.3** Calculate personal tax liabilities such as property, income, sales, FICA, and Medicare using the various tax forms such as W-4, W-2, 1099, and 1040s (A, EZ, 1040).
- PF 3.2.4** Differentiate between taxable and non-taxable compensation.
- PF 3.2.5** Differentiate between taxes levied on individuals and entrepreneurial businesses.
- PF 3.2.6** Evaluate various services available for tax preparation.
- PF 3.2.7** Analyze the concept of tax brackets.
- PF 3.2.8** Evaluate the role of social security related to personal financial planning.

- PF 3.3 Content Standard:** Students develop and evaluate a budget for money management.

Performance Expectations

- PF 3.3.1** Develop and modify a personal budget for income, saving, and fixed, variable and discretionary expenses.
- PF 3.3.2** Compare and contrast disposable and discretionary income.
- PF 3.3.3** Discuss the importance of the concept of “paying yourself first” in relationship to saving for meeting one’s financial goals.
- PF 3.3.4** Describe how income, saving, and spending patterns change throughout the life cycle.
- PF 3.3.5** Analyze alternative actions for dealing with financial difficulties, such as credit over-extension, loss of job, and disability.
- PF 3.3.6** Calculate break-even cash flow.

- PF 3.4 Content Standard:** Students use a rational decision-making process as it applies to developing financial stability.

Performance Expectations

- PF 3.4.1** Apply the steps in a rational decision making process to financial decisions.
- PF 3.4.2** Recognize and understand the opportunity costs of financial decisions.

- PF 3.5 Content Standard:** Students understand the impact career and continuing education decisions have on financial goals.

Performance Expectations

- PF 3.5.1** Evaluate the characteristics, requirements, and opportunity costs of careers of interest, including entrepreneurial opportunities.
- PF 3.5.2** Assess the costs and benefits of financing and securing financial resources for post-secondary goals.
- PF 3.5.3** Assess the factors of weighing the value of a job offer.
- PF 3.5.4** Plan short, medium, and long-range career goals.

PF 3.6 Content Standard: Students understand services provided by financial institutions.

Performance Expectations

- PF 3.6.1** Compare and contrast the different services offered by financial institutions based on cost-benefit analysis.
- PF 3.6.2** Manage a personal checking account, including its costs and the reconciliation process.
- PF 3.6.3** Evaluate the advantages and disadvantages of electronic banking such as direct deposit, debit cards, ATM, and online banking.
- PF 3.6.4** Analyze privacy and security issues associated with financial transactions, endorsements, and electronic banking.

PF 4 Spending and Credit Management

PF 4.1 Content Standard: Students apply a decision-making model to maximize consumer satisfaction when buying goods and services.

Performance Expectations

- PF 4.1.1** Evaluate features and benefits of goods and services in order to determine the best value.
- PF 4.1.2** Analyze impulse purchasing and how marketers employ techniques to stimulate impulse buying.
- PF 4.1.3** Describe common marketing techniques used to influence or manipulate consumer buying and how consumers can protect themselves.
- PF 4.1.4** Investigate goods and service buying options and present sound financial recommendations.
- PF 4.1.5** Compare and contrast the advantages and disadvantages of purchasing and using credit.

PF 4.2 Content Standard: Students demonstrate decision-making skills related to consumer rights and responsibilities.

Performance Expectations

- PF 4.2.1** Explain the rights and responsibilities of buyers and sellers under consumer protection laws.
- PF 4.2.2** Identify and describe consumer assistance services provided by public and private organizations.

PF 4.3 Content Standard: Students analyze various credit policies, practices, and procedures in using credit effectively.

Performance Expectations

- PF 4.3.1** Analyze sources and types of credit.
- PF 4.3.2** Analyze credit components such as principle, interest, payment periods, grace periods, credit limits, incentive buying, fees, and minimum payments.
- PF 4.3.3** Analyze credit marketing techniques, features and pitfalls.
- PF 4.3.4** Create a plan for repaying debt.
- PF 4.3.5** Select an appropriate form of credit for a particular buying decision.
- PF 4.3.6** Complete a loan application.
- PF 4.3.7** Explain the impact of credit reporting, the 5C's of credit scoring, and FICO scoring on consumer's credit worthiness.
- PF 4.3.8** Evaluate the current laws involving consumer rights and responsibilities.

PF 4.4 Content Standard: Students understand costs and benefits of home ownership.

Performance Expectations

- PF 4.4.1** Analyze costs and benefits of home ownership.
- PF 4.4.2** Understand the process for buying and selling a home.
- PF 4.4.3** Compare and contrast various sources and types of mortgages.
- PF 4.4.4** Calculate the amortization schedule for various types of mortgages.
- PF 4.4.5** Analyze costs and benefits of refinancing home mortgages and home equity loans.
- PF 4.4.6** Assess the impact of foreclosure.
- PF 4.4.7** Discuss the current laws involving home ownership.
- PF 4.4.8** Analyze renting versus home ownership.

PF 4.5 Content Standard: Students understand the signals and resolutions of misusing credit.

Performance Expectations

- PF 4.5.1** Evaluate the effects of living beyond one's means.
- PF 4.5.2** Analyze the various alternatives to resolving credit problems.
- PF 4.5.3** Compare and contrast various bankruptcy filings and their impact on creditworthiness and financial planning.
- PF 4.5.4** Explain identity theft and its potential impact.

PF 5 Communication

PF 5.1 Content Standard: Students develop skills to create and present accurate and effective communication for specific business related purposes and audiences.

Performance Expectations

- PF 5.1.1** Use clear and legible handwriting in all written work and communication.
- PF 5.1.2** Demonstrate active listening skills.
- PF 5.1.3** Use discussion skills to assume leadership and participant roles.
- PF 5.1.4** Use research, composition, and oral skills to present information for a variety of situations utilizing appropriate technology.
- PF 5.1.5** Work cooperatively with peers and authority figures.
- PF 5.1.6** Use clear and concise writing skills to describe, explain, and inform various audiences.
- PF 5.1.7** Follow and interpret directions, graphs, charts and diagrams found in technical writing.
- PF 5.1.8** Use appropriate industry terminology.

Indiana Academic Standards Integrated into Personal Finance

English/Language Arts

Standard 4

WRITING: Process

- 11.4.1 Discuss ideas for writing with classmates, teachers, and other writers.
- 11.4.4 Structure ideas and arguments in a sustained and persuasive way and support them with precise and relevant examples.
- 11.4.7 Develop presentations using clear research questions and creative and critical research strategies, such as conducting field studies, interviews, and experiments; researching oral histories; and using Internet sources.
- 11.4.9 Use a computer to integrate databases, pictures and graphics, and spreadsheets into word-processed documents.

Standard 5

WRITING: Applications

- 11.5.6 Use varied and extended vocabulary, appropriate for specific forms and topics.
- 11.5.7 Use precise technical or scientific language when appropriate for topic and audience.
- 11.5.8 Deliver multimedia presentations that:
 - combine text, images, and sound and draw information from many sources, including television broadcasts, videos, films, newspapers, magazines, CD-ROMs, the Internet, and electronic media-generated images.
 - select an appropriate medium for each element of the presentation.
 - use the selected media skillfully, editing appropriately, and monitoring for quality.
 - test the audience's response and revise the presentation accordingly.

Standard 6

WRITING: English Language Conventions

- 11.6.1 Demonstrate control of grammar, diction, paragraph and sentence structure, and an understanding of English usage.
- 11.6.2 Produce writing that shows accurate spelling and correct punctuation and capitalization.

Standard 7

LISTENING AND SPEAKING: Skills, Strategies, and Applications

- 11.7.6 Use effective and interesting language, including informal expressions for effect, Standard English for clarity, and technical language for specificity.
- 11.7.19 Deliver multimedia presentations that:
 - combine text, images, and sound by incorporating information from a wide range of media, including films, newspapers, magazines, CD-ROMs, online information, television, videos, and electronic media-generated images.
 - select an appropriate medium for each element of the presentation.
 - use the selected media skillfully, editing appropriately and monitoring for quality.
 - test the audience's response and revise the presentation accordingly.

Standard 4

WRITING: Process

- 12.4.4 Structure ideas and arguments in a sustained and persuasive way and support them with precise and relevant examples.

- 12.4.7 Develop presentations using clear research questions and creative and critical research strategies, such as conducting field studies, interviews, and experiments; researching oral histories; and using Internet sources.
- 12.4.9 Use technology for all aspects of creating, revising, editing, and publishing.

Standard 5

WRITING: Applications

- 12.5.6 Use varied and extended vocabulary, appropriate for specific forms and topics
- 12.5.7 Use precise technical or scientific language when appropriate for topic and audience.
- 12.5.8 Deliver multimedia presentations that:
- combine text, images, and sound and draw information from many sources, including television broadcasts, videos, films, newspapers, magazines, CD-ROMs, the Internet, and electronic media-generated images.
 - select an appropriate medium for each element of the presentation.
 - use the selected media skillfully, editing appropriately, and monitoring for quality.
 - test the audience's response and revise the presentation accordingly.

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WRITING: English Language Conventions

- 12.6.1 Demonstrate control of grammar, diction, and paragraph and sentence structure, as well as an understanding of English usage.
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Algebra I

Standard 2

Linear Equations and Inequalities

- A1.2.2 Solve equations and formulas for a specified variable.
- A1.2.6 Solve word problems that involve linear equations, formulas, and inequalities.

Standard 3

Relations and Functions

- A1.3.1 Sketch a reasonable graph for a given relationship.
- A1.3.2 Interpret a graph representing a given situation.

Standard 9

Mathematical Reasoning and Problem Solving

- A1.9.1 Use a variety of problem-solving strategies, such as drawing a diagram, making a chart, guess-and-check, solving a simpler problem, writing an equation, and working backwards.

A1.9.2 Decide whether a solution is reasonable in the context of the original situation.

Social Studies Economics

Standard 1

Scarcity and Economic Reasoning

- E.1.2 Explain how consumers and producers confront the condition of scarcity, by making choices which involve opportunity costs and tradeoffs.
- E.1.4 Describe how people respond predictably to positive and negative incentives.
- E.1.5 Predict how interest rates will act as an incentive for savers and borrowers.
- E.1.11 Formulate a savings or financial investment plan for a future goal.

Standard 2

Supply and Demand

- E.2.5 Recognize that consumers ultimately determine what is produced in a market economy (consumer sovereignty).
- E.2.9 Analyze how changes in the price of certain goods, such as gasoline, impact the lives of people in the community.
- E.2.13 Explain how financial markets, such as the stock market, channel funds from savers to investors.

Standard 4

The Role of Government

- E.4.4 Explore the ways that tax revenue is used in the community. (Civics and Government)
- E.4.5 Identify taxes paid by students. (Civics and Government)
- E.4.6 Define progressive, proportional, and regressive taxation. (Civics and Government)
- E.4.7 Determine whether different types of taxes (including income, sales, and social security) are progressive, proportional, or regressive. (Civics and Government)

Standard 6

Money and the Role of Financial Institutions

- E.6.5 Compare and contrast credit, savings, and investment services available to the consumer from financial institutions.
- E.6.7 Research and monitor financial investments, such as stocks, bonds, and mutual funds.
- E.6.8 Formulate a credit plan for purchasing a major item comparing different interest rates.

Standard 7

Economic Stabilization

- E.7.2 Define the tools of fiscal and monetary policy. (Civics and Government)
- E.7.3 Describe the negative impacts of unemployment and unintended inflation on an economy and how individuals and organizations try to protect themselves. (Individuals, Society, and Culture)